



1 AUG 1959

Honorable Maurice H. Stans/  
Director  
Bureau of the Budget  
Washington 25, D. C.

Dear Mr. Stans:

The Bureau of the Budget staff analysis of Free World and Sino-Soviet economic aid activity, forwarded in draft with your letter of 15 July 1959, has been studied by appropriate members of my staff, and I am pleased to give you their comments along with some of our views pertaining to the subject. An elaboration of our thoughts is contained in a recent report entitled "Sino-Soviet Bloc Economic Policies in Underdeveloped Countries of the Free World," CIA/RR 59-13, published by this Agency in April 1959.

As your paper implies, certain useful purposes can be served by comparing the total expenditures entailed in Bloc and Free World foreign aid activities, but such comparisons can also be extremely misleading if the dollar figures are taken out of the context of the social-economic-political milieu in which these expenditures are being made and by which their effects are being supplemented or counteracted.

Although the general conclusions point to the concentration of Bloc economic assistance, there is no mention of the equally great concentration of Western assistance and investment. Much of the Free World assistance is directed toward underdeveloped areas that are firmly committed to the West. According to the annual ICA publication, Mutual Security Program, South Korea, South Vietnam and Taiwan alone have been receiving about 35

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percent of U.S. governmental help while nearly 90 percent of assistance from other Western governments has been channeled towards British and French overseas territories. A comparison of assistance expenditures and investments that is limited to those uncommitted countries in which both the Bloc and the West have chosen to compete would show a considerably smaller disparity between Bloc and Free World programs. In about one-third of these countries, Bloc aid commitments actually exceed those of the U.S. for the period under consideration. In addition, the number of countries in which the West simply is not competing is growing and includes a few key countries like Ethiopia and Guinea, which until very recently were securely in the Western camp.

It might be useful to point out here that the capabilities of the Bloc for extending foreign aid are subject to two influences: (1) the rapid growth of total output in the Bloc countries, and (2) the fact that aid to Free World underdeveloped countries represents only a part of total Soviet foreign aid. During the years 1956 through 1958, for example, Soviet credits and grants to the European Satellites accounted for one-half of total Soviet credits and grants. Even China, struggling for rapid industrialization, has provided nearly \$500 million in assistance to other Bloc countries during the past five years. Obviously Bloc assistance to Free World countries could be expanded by redirecting its flow away from other countries of the Bloc.

The following minor and specific comments relate to the tables and the explanation of the tables.

a. The statement (p. 2) that some "Sino-Soviet commitment figures include what are really barter trade agreements" is not accurate. Bloc credit agreements generally provide for repayment in goods over a period of years (usually twelve). This means that the Bloc agrees to purchase goods from the borrowing country in a volume and at a price to be determined at the time of repayment.

b. Since December 31, 1958, several credits have been extended by the Bloc, the total of which amounts to \$435 million.

c. Although the figures on Americans abroad (p. 3 and Table VII) include a significant number of individuals who are not engaged in development activity, the figures on Bloc personnel include only persons who are associated with such work. It also should be noted that the method of counting heads is dissimilar. The ICA data, for example, refer to the number of individuals present at a post in an underdeveloped country on 31 December 1958. The Bloc figures, on the other hand, refer to the number in underdeveloped countries for one month or longer during the period 1 July - 31 December 1958. This number has increased during the past six months to nearly 4,700.

d. In our view, the wording for the row heading (Table I), which now reads "Net Effect on Balance of Payments, Free World," should be changed. At least one item (i.e., reinvested earnings) that is included in this total has only an indirect effect on a balance of payments or an effect that is not directly measureable. We suggest a heading such as "Total Public Assistance and Net Private Investment and Donations." We feel that the statement in the conclusion (paragraph 3), comparing aid in 1960, should also be changed to read "... one-eighth of the current rate of total public assistance and private investment from Free World countries."

Please call upon us again in case your staff wishes to pursue further any of the points raised here.

Sincerely,

SIGNED

Allen W. Dulles  
Director

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APPROVED:

*Originally approved by  
Robert C. Brown*

[Redacted Signature Box]

H/ Deputy Director/Intelligence

1 JUL 1959

ORR/S/TF (27 July 59)  
ORR/D/S/TF: [Redacted] mlc [Redacted] (30 Jul 59)

7-6315-a

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The Bureau of the Budget staff analysis of Free World and Sino-Soviet economic aid activity, forwarded in draft with your letter of 15 July 1959, has been studied by appropriate members of my staff, and I am pleased to give you their comments along with some of our views pertaining to the subject.

We agree with the general tenor of the conclusions presented in the draft. In fact, they parallel in many respects those found in a recent report entitled "Sino-Soviet Bloc Economic Policies in Underdeveloped Countries of the Free World," CIA/RR 59-13, published by this Agency in April 1959.

We heartily concur with the statement in the General Conclusions that "the problems raised by Bloc aid programs do not appear to be a function of amount, but of selectivity, propaganda activities, method of administration and similar matters." While certain useful purposes can be served by comparing the total amounts of Bloc and Free World foreign aid activities, such comparisons can also be extremely misleading if the dollar figures are taken out of the context of the social-economic-political milieu in which these expenditures are being made and by which their effects are being supplemented or counteracted.

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concentration of Western assistance and investment. Much of the Free World assistance is directed toward underdeveloped areas that are firmly committed to the West. According to the annual ICA publication, Mutual Security Program, South Korea, South Vietnam and Taiwan alone have been receiving about 35 percent of U.S. governmental help while nearly 90 percent of assistance from other Western governments has been channeled towards British and French overseas territories. A comparison of assistance expenditures and investments that is limited to those uncommitted countries in which both the Bloc and the West have chosen to compete would show a considerably smaller disparity between Bloc and Free World programs. In addition, the number of countries in which the West simply is not competing is growing and includes a few key countries, like Ethiopia and Guinea, which until very recently were securely in the Western camp.

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Sincerely,

WILLIAM M. GULLER  
Director

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Deputy Director/Intelligence

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EXECUTIVE OFFICE OF THE PRESIDENT

BUREAU OF THE BUDGET

WASHINGTON 25, D. C.

Executive Registry

11-6315

JUL 15 1959

My dear Mr. Dulles:

We would appreciate very much your views on the enclosed draft Bureau of the Budget staff analysis of Free-World and Sino-Soviet Economic Aid Activity. Certain of the data contained in the report are based on information prepared in your agency.

We should very much like to receive such comments as you might have by August 1, 1959.

Staff of the Bureau of the Budget are available for any consultation deemed desirable.

Copies of the tables are also being sent to The Acting Secretary of State, The Secretary of the Treasury, The Acting Secretary of Commerce, the Special Assistant to the President for National Security Affairs, and the Chairman of the Council on Foreign Economic Policy.

Sincerely yours,

(Signed) Maurice H. Stans

Director

Honorable Allen W. Dulles  
Director, Central Intelligence  
Agency  
Washington 25, D. C.

Enclosures

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EXPLANATION OF THE TABLES

These tables are a comparison of economic aid activity in the underdeveloped areas by the Sino-Soviet Bloc, the Free World, and the International Agencies for the years 1954 through 1958. Statistics on the Free World include Government programs, private investment and an estimate of private donations. The International agencies can be considered essentially an activity of the Free World inasmuch as the Bloc supports only one of them, the United Nations Technical Assistance agency. There are seven tables in all:

- I - Summary of Expenditures by the Free World and Sino-Soviet Bloc on Economic Assistance to the Underdeveloped areas, 1954-1958
- IIA - Regional Comparison of Net Expenditures by Sino-Soviet Bloc and United States Government on Economic Aid, 1954-1958
- IIIB - Unexpended Balances and Unused Credits by Region, 1958
- III - Commitments of Sino-Soviet Bloc Assistance (Economic and Military) by Source, 1954-1958
- IV - Detail of Sino-Soviet Bloc Aid, 1954-1958
- V - Free World Government Economic Aid Expenditures in Underdeveloped areas, 1954-1958
- VI - Free World Private Investment in Underdeveloped Areas, 1954-1958
- VII - Comparison of Technicians and Other Professionals in Underdeveloped Areas, 1958

The underdeveloped areas of the world are defined as the Middle East; Asia, except Japan; Africa, except the Union of South Africa; Latin America; and three countries in Europe, Portugal, Spain and Yugoslavia. Greece and Turkey are included as part of the Middle East.

The tables cover the past five years, 1954 through 1958, but the time period for each statistical series is not always the same. Figures for the Sino-Soviet countries, UN agencies, private donations and private investment are for the calendar year. Figures for governments are for the fiscal year of the government concerned, thus: USA, July 1-June 30; UK, April 1-March 31, etc. Government figures for comparable time periods are not available. However, the time differences involved make no appreciable effect on either the magnitudes of the totals or their trend.

Sino-Soviet Bloc

The figures for the Sino-Soviet Bloc, except repayments, have been taken from the Economic Intelligence Committee publication, "Sino-Soviet Bloc Economic Activity in the Underdeveloped Areas." Repayments have been estimated, on the basis of discussions with State officials, in order to

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point up the small amount of repayments of Sino-Soviet credits thus far. The official exchange rate of four rubles to the dollar has been used. While this rate represents an over-evaluation of the ruble insofar as internal Russian prices are concerned, in world trade, Russian export prices have almost always approximated world price levels. It is also known that the cost of several particular projects, such as the steel mill in India, is reasonable by Western standards.

Although some of the Sino-Soviet commitment figures include what are really barter trade agreements, the total of Sino-Soviet trade with Free World underdeveloped countries has not been covered in the presentations on Bloc economic activity. Comparisons of Bloc trade with Free World trade have not been included in these tables.

Almost the whole of Bloc assistance is in the form of loans. Of the total of \$2.4 billion, only \$98 million has been granted, and all of it in the economic program, as follows (figures in millions): Cambodia - \$34; Burma - \$30; Ceylon - \$16; Nepal - \$12; Egypt - \$5; and India - \$1. Communist China has made \$61 million of the grants, Russia, \$37 million.

Since December 31, 1958, the terminal date of the tables, the pattern of Bloc commitments has remained unchanged with one important exception, a commitment of \$137 million in economic aid to Iraq has been added to the military commitment of \$118 million, made in October, 1958.

Private Investment

In the area of private investment, figures for the United States are rather good, but for other countries they are incomplete. From 1954 to 1957, direct investment by other countries was \$3,640 million. Several hundred million dollars of portfolio investment are readily identifiable and so the figure on the table has been rounded up to \$4 billion. Figures for short and medium term investment by non-Americans are not available, but this type of investment is becoming increasingly important for the lesser-developed countries. West Germany is the leading supplier of these credits after the USA.

Of the \$4.5 billion of American private investment in the under-developed areas from 1954-1957, about \$1 billion represents the short-term financing of ordinary commercial transactions. Such financing frequently helps countries with temporary balance of payments troubles, but probably should not be considered as a development activity. It is worth noting that before and after World War I portfolio investment was the favorite form of long-term capital investment. Not until after WW II did direct investment become the common form of long-term investment, and not until three years ago was interest in portfolio investment renewed. Since 1956 portfolio investment by the U. S. has increased about three times over the level of the early 1950s. It has also been increasing, but more slowly, in Western Europe. (Only \$40 million of American private investment is covered by the Investment Guaranty Program.)

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Technical and Related Personnel

Figures on Free World personnel, except American, are not available. Hence, the table is limited to a comparison of the United States and the Bloc. For this country, employees of private companies are shown as well as Government personnel, inasmuch as both are required to make a true comparison between the United States and the Bloc. The figures in the "private" column are the total number of "principals" reported in the OCB study on Americans overseas.

There is no way of identifying the number of non-government persons engaged in activities of direct benefit to the country of residence. In many of the Latin American countries there are a number of self-employed professional people. There are many others in non-development commercial activities, such as the luxury trades or international passenger, shipping, and airline companies. Some are in the twilight zone. In spite of these reservations, it is probably not unreasonable to assume that at least three quarters of the number in any of the Latin American countries are associated with development-type activities.

In Africa, the Middle East, and Asia it can be assumed that virtually all Americans are engaged in activities of direct benefit to the country, except in Lebanon, where it can be assumed that the percentage so engaged is very small.

There is one general exception in all countries - missionaries wholly engaged in religious activities. These, however, are rather few, probably no more than a third of the approximately 27,000 American missionaries abroad, because much missionary activity today is of a public welfare sort - schools, hospitals and clinics, even agricultural technical assistance.

The personnel table is limited solely to persons engaged in economic activities. It is in no way a measure of the number of persons from either the Bloc or the Free World who are engaged in political, propaganda, and other non-economic activities.

\* \* \* \* \*

NOTE: ONLY THE SINO-SOVIET BLOC STATISTICS ARE SECRET. ALL OTHERS ARE UNCLASSIFIED.

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General Conclusions of Comparison of Sino-Soviet Bloc and  
Free World Economic Aid Activities

The material contained in this study covers the years 1954 through 1958 and was derived from documents published by official agencies, U. S. and international. A few of the figures have been estimated or interpolated, and have been so indicated. The magnitudes of the totals have not been affected by these methods. The principal conclusions of the study are:

1. On a world-wide basis, Soviet economic aid activity in the past five years has been dwarfed by U.S. activity, public and private. Activity by other free world countries is also much larger than the Bloc's.

2. Bloc activity is concentrated in a few countries. In Syria, Egypt, and Afghanistan, Bloc activity is much larger than all Free World programs, government and private, combined. Though Bloc expenditures in India appear to be large, they are much less than Free World aid. Bloc assistance to Yugoslavia had been large, but was cancelled about a year ago.

3. Through 1958, Bloc expenditures have been relatively high in the military program, relatively low in the economic program. However, on the basis of present commitments, expenditures on economic aid can be expected to rise rapidly while military expenditures will taper off. Total expenditures should reach an annual rate of one half billion dollars by 1960 or shortly thereafter. Even at this level Bloc aid would be only one-eighth of the current rate of the net outflow of resources from Free World countries. Thus, the problems raised by Bloc aid programs do not appear to be a function of amount, but of selectivity, propaganda activities, method of administration, and similar matters.

4. In any comparison of technical and related personnel of the Soviet Bloc and U.S., the figures are overwhelmingly in favor of the U.S.

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TABLE I  
Summary of Expenditures by the Free World and Sino-Soviet Bloc on Economic Assistance to the Underdeveloped Areas, 1954-1958  
(millions of dollars)

|   | 1954 - 1957         |  |                     | 1958                |            |                     | TOTAL               |            |                     | Unexpended<br>Balances<br>& unused<br>credits <sup>a/</sup> |
|---|---------------------|--|---------------------|---------------------|------------|---------------------|---------------------|------------|---------------------|---|
|   | Loans and<br>Grants | Repayments of<br>principal and<br>interest | Net<br>Expenditures | Loans and<br>Grants | Repayments | Net<br>Expenditures | Loans and<br>Grants | Repayments | Net<br>Expenditures |   |
| Sino-Soviet Bloc... <sup>f/</sup>                     | 250                 | 5  | 245                 | 150                 | 20         | 130                 | 400                 | 25         | 375                 | 1,200   |
| Free World - Public                                   |                     |  |                     |                     |            |                     |                     |            |                     |   |
| U.S.A.....  | 6,976               | 699  | 6,277               | 2,173               | 256        | 1,917               | 9,149               | 955        | 8,194               | 3,557   |
| Other Government <sup>b/</sup>                        | 4,091               | 83   | 4,008               | 1,301               | 60         | 1,241               | 5,392               | 143        | 5,249               | 1,584 <sup>d/</sup>   |
| IBRD and IFU.....                                     | 495                 | 115  | 380                 | 285                 | 60         | 225                 | 780                 | 175        | 605                 | 648 <sup>d/</sup>   |
| Other UN Agencies <sup>c/</sup>                       | 371                 | -  | 371                 | 95                  | -          | 95                  | 466                 | -          | 466                 | n.a. <sup>d/</sup>  |
| Total.....  | 11,933              | 897  | 11,036              | 3,854               | 376        | 3,478               | 15,787              | 1,273      | 14,514              | n.a.  |
| Free World - Private Investment                       |                     |  |                     |                     |            |                     |                     |            |                     |   |
| U.S.A.....  | 5,650               | 5,466                                      | 184                 | 1,800               | 1,800      | 0                   | 7,450               | 7,266      | 184                 |   |
| Other country.....                                    | 4,000               | 3,400                                      | 600                 | 1,200               | 1,000      | 200                 | 5,200               | 4,400      | 800                 |   |
| Subtotal.....   | 9,650               | 8,866                                      | 784                 | 3,000               | 2,800      | 200                 | 12,650              | 11,666     | 984                 |   |
| Private Donations <sup>e/</sup>                       | 950                 | -  | 950                 | 250                 | -          | 250                 | 1,200               | -          | 1,200               |   |
| Total.....  | 10,600              | 8,866                                      | 1,734               | 3,250               | 2,800      | 450                 | 13,850              | 11,666     | 2,184               |   |
| Net effect on balance of payments,<br>Free World..... | -                   | -  | 12,770              | -                   | -          | 3,928               | -                   | -          | 16,698              |   |

<sup>a/</sup> Does not include uncommitted spending authority, e.g., borrowing authority of Export-Import Bank

<sup>b/</sup> Western Europe, Canada, Australia, New Zealand, Japan and India

<sup>c/</sup> United Nations Technical Assistance (UNTA), United Nations International Children's Emergency Fund (UNICEF), United Nations Relief and Works Agency for Palestine Refugees (UNRWA), and United Nations Korean Rehabilitation Agency (UNKRA).

<sup>d/</sup> The United Nations definition of an obligation is services rendered or goods delivered. Hence, any carryover of unliquidated obligations merely represents the normal time lag in making payments. Most European countries also base their budgets on expenditures rather than obligations, and what we call unexpended balances do not exist. There is, however, a carryover of what we call contract authority, but no figures are available. The figure of 1,584 is the unexpended amount of Japanese reparation payments.

<sup>e/</sup> About 80% American. Principal categories are gifts to Israel from private Americans, private American foundations, foreign missions, and German restitution payments to individuals resident in Israel.

<sup>f/</sup> The figures on this line have been rounded on the Summary Table and differ from the detail on Tables IIB, III and IV by \$1 million.

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TABLE IIA Regional Comparison of Net Expenditures by Sino-Soviet Bloc and  
U. S. Government on Economic Aid, 1954-1958

|                           | <u>Far<br/>East</u>     | <u>Near East<br/>So. Asia</u> | <u>Africa</u> | <u>Latin<br/>America</u> | <u>Western<br/>Europe</u> | <u>Undistributed</u> | <u>Total</u> |
|---------------------------|-------------------------|-------------------------------|---------------|--------------------------|---------------------------|----------------------|--------------|
| <u>Sino-Soviet Bloc</u>   | <u>80</u> <sup>10</sup> | <u>182</u>                    | <u>0</u>      | <u>3</u>                 | <u>134</u>                | -                    | <u>399</u>   |
| Less Repayments a/        |                         |                               |               |                          |                           |                      | <u>-25</u>   |
| Net Total                 |                         |                               |               |                          |                           |                      | <u>374</u>   |
| <u>U.S. Government</u>    | <u>4,187</u>            | <u>2,038</u>                  | <u>114</u>    | <u>795</u>               | <u>1,061</u>              |                      | <u>8,194</u> |
| Mutual Security Program   | 3,814                   | 1,127                         | 62            | 224                      | 490                       | -                    | 5,717        |
| X-M Bank: Gross           | (82)                    | (64)                          | (29)          | (826)                    | (29)                      | -                    | (1,030)      |
| Less Repayments           | (34)                    | (56)                          | (13)          | (507)                    | (25)                      | -                    | (635)        |
| Net                       | 48                      | 8                             | 16            | 319                      | 4                         | -                    | 395          |
| P.L. 480, Titles II & III | 131                     | 258                           | 36            | 82                       | 175                       | -                    | 682          |
| Title I                   | 194                     | 644                           | 0             | 170                      | 392                       | -                    | 1,400        |

TABLE IIB Unexpended Balances and Unused Credits by Region, 1958

|                         |            |               |            |            |            |            |              |
|-------------------------|------------|---------------|------------|------------|------------|------------|--------------|
| <u>Sino-Soviet Bloc</u> | <u>198</u> | <u>866</u> b/ | <u>2</u>   | <u>101</u> | <u>34</u>  | <u>0</u>   | <u>1,201</u> |
| <u>U.S. Government</u>  | <u>841</u> | <u>837</u>    | <u>127</u> | <u>764</u> | <u>109</u> | <u>879</u> | <u>3,557</u> |
| Mutual Security Program | 814        | 634           | 97         | 90         | 73         | 135        | 1,843        |
| X-M Bank                | 27         | 203           | 30         | 674        | 36         | 0          | 970          |
| P.L. 480                | -          | -             | -          | -          | -          | 744        | 744          |

a/ Repayments of Bloc credits cannot be distributed by region.

b/ Of which UAR - \$367 million and India-\$188 million.

SOURCES: Regional distribution of  
figures on Tables IV and V

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TABLE III  
Commitments of  
Sino-Soviet Bloc Assistance (Economic and Military) by Source, 1954-1958  
(millions of dollars)

|                                    | <u>1954</u> | <u>1955</u>  | <u>1956</u>  | <u>1957</u>  | <u>1958</u>  | <u>Total</u>   | <u>Economic</u> | <u>Military</u> |
|------------------------------------|-------------|--------------|--------------|--------------|--------------|----------------|-----------------|-----------------|
| USSR.....                          | <u>5.8</u>  | <u>115.5</u> | <u>542.7</u> | <u>245.5</u> | <u>702.2</u> | <u>1,611.7</u> | <u>1,254.0</u>  | <u>357.7</u>    |
| European Satellites.....           | <u>5.0</u>  | <u>223.3</u> | <u>119.3</u> | <u>21.4</u>  | <u>279.9</u> | <u>648.9</u>   | <u>227.0</u>    | <u>421.9</u>    |
| Czechoslovakia.....                | 5.0         | 214.6        | 90.1         | 16.4         | 82.7         | 408.8          | 100.9           | 307.9           |
| Poland.....                        | -           | -            | 23.2         | -            | 155.5        | 178.7          | 64.7            | 114.0           |
| East Germany.....                  | -           | 8.7          | 2.9          | 2.3          | 30.1         | 44.0           | 44.0            | -               |
| Bulgaria, Hungary,<br>Rumania..... | -           | -            | 3.1          | 2.7          | 11.6         | 17.4           | 17.4            | -               |
| Communist China.....               | <u>-</u>    | <u>-</u>     | <u>55.4</u>  | <u>20.0</u>  | <u>43.6</u>  | <u>119.0</u>   | <u>119.0</u>    | <u>-</u>        |
| Total.....                         | 10.8        | 338.8        | 717.4        | 286.9        | 1,025.7      | 2,379.6        | 1,600.0         | 779.6           |

Source: Sino-Soviet Bloc Economic Activity  
in Underdeveloped Areas  
1 July - 31 December 1958  
(EIC-R14-86)

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TABLE IV  
Sino-Soviet Bloc Aid, 1954-1958  
(millions of dollars)

|                  | Commitments <sup>a/</sup> |          |                     | Obligations |          |         | Expenditures |          |       |
|------------------|---------------------------|----------|---------------------|-------------|----------|---------|--------------|----------|-------|
|                  | Economic                  | Military | Total               | Economic    | Military | Total   | Economic     | Military | Total |
| Egypt.....       | 311.0                     | 315.0    | 626.0               | 127.1       | 315.0    | 442.1   | 9.1          | 265.0    | 274.1 |
| Syria.....       | 194.6                     | 127.7    | 322.3               | 40.9        | 127.7    | 168.6   | 20.8         | 127.7    | 148.5 |
| UAR.....         | 505.6                     | 442.7    | 948.3               | 168.0       | 442.7    | 610.7   | 29.9         | 392.7    | 422.6 |
| Indonesia.....   | 194.0                     | 169.5    | 363.5               | 106.6       | 169.5    | 276.1   | 55.0         | 58.0     | 113.0 |
| India.....       | 304.1 <sup>b/</sup>       | -        | 304.1 <sup>b/</sup> | 304.1       | -        | 304.1   | 116.9        | -        | 116.9 |
| Yugoslavia.....  | 163.1 <sup>b/</sup>       | -        | 163.1 <sup>b/</sup> | 163.1       | -        | 163.1   | 132.0        | -        | 132.0 |
| Afghanistan..... | 126.6                     | 32.4     | 159.0               | 94.8        | 32.4     | 127.2   | 37.8         | 32.4     | 70.2  |
| Argentina.....   | 102.1                     | -        | 102.1               | 34.1        | -        | 34.1    | 1.0          | -        | 1.0   |
| Iraq.....        | -                         | 118.0    | 118.0               | -           | 118.0    | 118.0   | -            | -        | -     |
| Yemen.....       | 42.3                      | 17.0     | 59.3                | 37.6        | 17.0     | 54.6    | -            | 17.0     | 17.0  |
| Ceylon.....      | 58.0                      | -        | 58.0                | 15.4        | -        | 15.4    | -            | -        | -     |
| Burma.....       | 34.2                      | -        | 34.2                | 7.5         | -        | 7.5     | 2.4          | -        | 2.4   |
| Cambodia.....    | 34.0                      | -        | 34.0                | 28.4        | -        | 28.4    | 9.0          | -        | 9.0   |
| Nepal.....       | 12.6                      | -        | 12.6                | 12.6        | -        | 12.6    | 4.2          | -        | 4.2   |
| Turkey.....      | 12.5                      | -        | 12.5                | 12.5        | -        | 12.5    | 7.5          | -        | 7.5   |
| Iceland.....     | 4.6                       | -        | 4.6                 | 4.6         | -        | 4.6     | 1.5          | -        | 1.5   |
| Iran.....        | 2.3                       | -        | 2.3                 | 2.3         | -        | 2.3     | -            | -        | -     |
| Ethiopia.....    | 2.0                       | -        | 2.0                 | 2.0         | -        | 2.0     | -            | -        | -     |
| Brazil.....      | 2.0                       | -        | 2.0                 | 2.0         | -        | 2.0     | 2.0          | -        | 2.0   |
|                  | 1,600.0                   | 779.6    | 2,379.6             | 995.6       | 779.6    | 1,775.2 | 399.2        | 500.1    | 899.3 |

Pipeline Table

|                    | Commitments | Obligations | Expenditures | Unexpended<br>Balance 12/31/58 |
|--------------------|-------------|-------------|--------------|--------------------------------|
| Economic Aid ..... | 1,600       | 995         | 400          | 1,200                          |
| Military Aid ..... | 780         | 780         | 500          | 280                            |

- a/ Grants are \$98 mil., of which \$61 mil. from China and \$37 mil. from Russia. Major recipients are Cambodia, Burma, Ceylon, and Nepal.  
b/ Net after suspension of \$244 mil. in early 1958.  
c/ Excludes \$137 mil. in economic aid committed in April 1959.

Sources: Sino-Soviet Bloc Economic Activities  
in Underdeveloped Areas 7/1-12/31/58 NIC R14-56)  
Soviet Economic Aid, Joseph Berliner, Praeger,  
New York, 1958

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TABLE V

Free World Governmental Economic Aid Expenditures in Underdeveloped Areas - 1954-1958  
(millions of dollars)

|                                  | 1954-1957 |       |            |           | 1958   |       |            |           | Total  |       |            |           | Unexpended balances<br>& Unused Credits |
|----------------------------------|-----------|-------|------------|-----------|--------|-------|------------|-----------|--------|-------|------------|-----------|---|
|                                  | Grants    | Loans | Repayments | Net Total | Grants | Loans | Repayments | Net Total | Grants | Loans | Repayments | Net Total |   |
| U.S.A.                           | 6,976     |       | 699        | 6,277     | 2,173  |       | 256        | 1,917     | 9,149  |       | 955        | 8,194     | 3,557                                   |
| NSF                              | 4,823     | 1,141 | 241        | 4,515     | 1,253  | 532   | 79         | 1,202     | 6,076  | 1,673 | 320        | 5,717     | 1,483                                   |
| Ex-Im Bank                       | 4,311     | 445   | 458        | 238       | 1,083  | 198   | 177        | 157       | 5,394  | 643   | 635        | 5,717     | 970                                     |
| P.L. 480: A/                     | -         | 696   | -          | -         | -      | 334   | -          | -         | -      | 1,030 | -          | -         | 744                                     |
| Titles II and III                | 512       | -     | -          | 512       | 170    | -     | -          | 170       | 682    | -     | -          | 682       | -                                       |
| Title I                          | 1,012     | -     | -          | 1,012     | 388    | -     | -          | 388       | 1,400  | -     | -          | 1,400     | n.s.                                    |
| Other Government                 | 2,910     | 1,181 | 83         | 4,068     | 991    | 310   | 60         | 1,241     | 3,901  | 1,491 | 143        | 5,249     | n.s.                                    |
| France                           | 1,700     | 923   | 24         | 2,599     | 527    | 227   | 11         | 713       | 2,227  | 1,156 | 65         | 3,312     | n.s.                                    |
| UK                               | 338       | 189   | 24         | 503       | 146    | 44    | 11         | 179       | 444    | 233   | 35         | 682       | n.s.                                    |
| Germany                          | 412       | 0     | 0          | 412       | 137    | 0     | 0          | 137       | 549    | 0     | 0          | 549       | n.s.                                    |
| Canada                           | 112       | 17    | 6          | 123       | 44     | 17    | 0          | 61        | 156    | 34    | 6          | 184       | n.s.                                    |
| Australia                        | 104       | 1     | 0          | 105       | 38     | 1     | 0          | 39        | 142    | 2     | 0          | 144       | n.s.                                    |
| Other West Europe & Commonwealth | 139       | 51    | 29         | 161       | 37     | 0     | 8          | 29        | 176    | 51    | 37         | 190       | n.s.                                    |
| India and Japan                  | 105       | 0     | 0          | 105       | 62     | 21    | 0          | 83        | 167    | 21    | 0          | 188       | 1,584                                   |
| International Agencies           | 371       | 495   | 115        | 751       | 95     | 285   | 60         | 320       | 466    | 780   | 175        | 1,071     | 648                                     |
| UNEP, UNCTAD, UNCTA, UNICEF B/   | 371       | 0     | 0          | 371       | 95     | 0     | 60         | 95        | 466    | 0     | 0          | 466       | n.s.                                    |
| IMF and IFU                      | -         | 495   | 115        | 380       | -      | 285   | 60         | 225       | -      | 780   | 175        | 605       | 648                                     |
| Total Government                 | 11,933    |       | 897        | 11,036    | 3,854  |       | 376        | 3,478     | 15,787 |       | 1,273      | 14,514    | n.s.                                    |

a/ P.L. 480 has been handled as follows: Figures for Titles II and III represent deliveries and are entered in the "Grant" column; figures for Title I represent deposits and are a combination of both country uses and U. S. uses, less Treasury dollar receipts from sales of P.L. 480 currencies. These have been taken out of the total since they represent a loss of dollar income to the country. Thus, the figures for Title I assume that all commodities delivered represent an offset in the foreign exchange requirements of the recipient countries except for this dollar loss. The best measure of benefit to the country is the commodity import without foreign exchange loss, rather than the share of sales proceeds used for country purposes.

b/ Contributions to the international organizations are not included in the country figures, but are shown instead as expenditures by the International Agencies.

## Sources:

U.S. Budget  
Annual Reports of Export-Import Bank  
U.S. Statistical Yearbook, 1958

Foreign Grants and Credits by the U. S. Government - published quarterly by the Dept. of Commerce  
International Economic Assistance to the Less Developed Countries, 1957/58 - United Nations  
Annual Reports of IBRD  
Annual Reports of IFU

Semi-Annual Reports on P.L. 480 - prepared by  
the Department of Agriculture  
Contributions of Members and Associated Countries  
to Economic Development of Underdeveloped Areas  
Outside Europe - OEDS, December, 1957

TABLE VI Free World Private Investment in Underdeveloped Areas, 1954-1958 a/  
(Millions of dollars)

|   | 1954 - 1957      |        |                   |            |            |                        | 1958 (Est) |            |            |            |
|---|------------------|--------|-------------------|------------|------------|------------------------|------------|------------|------------|------------|
|   | Direct           |        | Portfolio         | Short-Term | Total      | Remissions of Earnings | Net Effect | Investment | Remissions | Net Effect |
|   | Oil              | Other  |                   |            |            |                        |            |            |            |            |
| A. U.S.A.                                     |                  |        |                   |            |            |                        |            |            |            |            |
| Latin America                                 | (1470)           | (1332) | 2802              | 513        | 608        | 3923                   | 3145       | 788        | -          | -          |
| Asia, Middle East, Africa                     | ( 717)           | ( 155) | 872               | 305        | 258        | 1435                   | 2321       | -886       | -          | -          |
| IBRD and IFC                                  | -                | -      | -                 | 292        | -          | 292                    | -          | 292        | -          | -          |
|   | (2187)           | (1487) | 3674              | 1110       | 866        | 5650                   | 5466       | 184        | 1800       | 1800       |
|   |                  |        |                   |            |            |                        |            |            |            | 0          |
|   |                  |        |                   |            |            |                        |            |            |            |            |
| B. Other Countries,<br>Direct Investment Only | 1954 - 1957      |        |                   |            |            |                        | 1958 (Est) |            |            |            |
|   | Total Investment |        | Earnings Remitted |            | Net Result |                        | Investment | Remissions | Net Effect |            |
| France  | 1760             |        | 1900              |            | -140       |                        | -          | -          | -          | -          |
| United Kingdom                                | 1400             | )      |                   |            |            |                        | -          | -          | -          | -          |
| Germany                                       | 175              | )      |                   |            |            |                        | -          | -          | -          | -          |
| Switzerland                                   | 170              | )      | 1300              |            | 580        |                        | -          | -          | -          | -          |
| Sweden  | 55               | )      |                   |            |            |                        | -          | -          | -          | -          |
| Netherlands                                   | 35               | )      |                   |            |            |                        | -          | -          | -          | -          |
| Other Countries                               | 45               | )      |                   |            |            |                        | -          | -          | -          | -          |
|   | 3640             | b/     | 3200              | b/         | 440        |                        | 1200       | 1000       | 200        |            |

a/ Includes reinvested earnings as well as new investment.

NOTE: It has been necessary to estimate or interpolate some of the figures on European and Commonwealth private investment and for all countries for the year 1958.

SOURCES: UN Statistical Yearbook, 1958

The International Flow of Private Capital, 1956-1958 - UN

Balance of Payments Yearbook - IMF

Survey of Current Business - published monthly by the Department of Commerce

Economic Development of Overseas Countries and Territories Associated with OEEC Member Countries, OEEC, August 1958

b/ On the Summary Table these figures have been increased to 4,000 and 3,400 respectively in order to show the effect of identifiable portfolio investment. Country detail of such investments is not available.

TABLE VII

Comparison of Technicians and other Professionals in Underdeveloped Countries, 1958

|   | AMERICANS <sup>a/</sup> |            | International<br>Organisations <sup>b/</sup> | Private | Total  | SINO-SOVIET BLOC |                |              |   |                    | International<br>Organisations | Total |
|---|-------------------------|------------|--|---------|--------|------------------|----------------|--------------|---|--------------------|--------------------------------|-------|
|   | Direct Hire             | Contractor |  |         |        | USSR             | Czechoslovakia | East Germany | Hungary,<br>Bulgaria,<br>Poland,<br>Romania | Communist<br>China |                                |       |
| <b>Middle East</b>  | 613                     | 183        | 77   | 9,668   | 10,541 | 425              | 195            | 195          | 235   | 30                 | 4                              | 1084  |
| Egypt.....  | (1)                     | (0)        | n.a.   | n.a.    | n.a.   | 145              | 95             | 145          | 150   | -                  | 1                              | 535   |
| Syria.....  | (0)                     | (0)        | n.a.   | n.a.    | n.a.   | 165              | 25             | 25           | 60  | -                  | 1                              | 275   |
| Sub-total United Arab Republic.....   | 1                       | 0          | 22   | 447     | 470    | (310)            | (120)          | (170)        | (210)                                       | -                  | (2)                            | (310) |
| Yemen.....  | 0                       | 0          | 0  | 0       | 0      | 100              | 60             | 10           | 0   | 30                 | -                              | 200   |
| Turkey.....   | 129                     | 64         | 8  | 707     | 908    | 5                | 15             | 10           | 0   | -                  | -                              | 60    |
| Iran.....   | 249                     | 90         | 2  | 550     | 898    | 10               | 0              | 0            | 0   | -                  | -                              | 10    |
| Iraq.....   | 70                      | 11         | 6  | 542     | 629    | n.a.             | n.a.           | n.a.         | n.a.  | n.a.               | -                              | 60    |
| Israel, Lebanon, Sudan, Jordan.....   | 164                     | 18         | 32   | 7,122   | 7,406  | 0                | 0              | 0            | 0   | 0                  | 1                              | 1     |
| Regional.....   | 0                       | 0          | 0  | 0       | 0      | 0                | 0              | 0            | 0   | 0                  | 1                              | 1     |
| <b>Asia</b>   | 1,676                   | 1,624      | 87   | 19,522  | 22,909 | 1,295            | 145            | 40           | 60  | 55                 | 23                             | 1,618 |
| Afghanistan.....  | 85                      | 128        | 4  | 13      | 230    | 530              | 70             | 0            | 0   | 0                  | 2                              | 602   |
| Burma.....  | 12                      | 0          | 5  | 141     | 158    | 75               | 0              | 0            | 0   | 0                  | 1                              | 86    |
| Cambodia.....   | 97                      | 192        | 0  | 322     | 611    | 20               | 0              | 0            | 0   | 10                 | 0                              | 50    |
| Ceylon.....   | 37                      | 17         | 6  | 124     | 164    | 25               | 0              | 0            | 0   | 30                 | 0                              | 35    |
| India.....  | 126                     | 47         | 17   | 2,218   | 2,408  | 495              | 25             | 0            | 30  | 0                  | 0                              | 550   |
| Indonesia.....  | 110                     | 70         | 6  | 1,109   | 1,295  | 150              | 45             | 40           | 30  | 5                  | 19                             | 289   |
| Pakistan.....   | 180                     | 219        | 10   | 732     | 1,141  | 0                | 5              | 0            | 0   | 0                  | 0                              | 5     |
| Taiwan, Korea, Laos, Nepal, Philippines,<br>Thailand, VietNam.....                              | 1,029                   | 951        | 39   | 14,883  | 16,902 | 0                | 0              | 0            | 0   | 0                  | 0                              | 0     |
| Regional.....   | 0                       | 0          | 0  | 0       | 0      | 0                | 0              | 0            | 0   | 0                  | 1                              | 1     |
| <b>Africa</b>   | 452                     | 137        | 29   | 8,146   | 8,764  | 25               | 0              | 0            | 0   | 0                  | 1                              | 26    |
| Ethiopia.....   | 114                     | 60         | 2  | 289     | 465    | 25               | 0              | 0            | 0   | 0                  | 0                              | 25    |
| Ghana, Liberia, Libya, Morocco, Nigeria,<br>Tunisia, Somalia, Fed. of Rhod. &<br>Nyasaland..... | 338                     | 77         | 27   | 7,857   | 8,299  | 0                | 0              | 0            | 0   | 0                  | 0                              | 1     |
| <b>West Europe</b>  | 101                     | 9          | 6  | 8,452   | 8,568  | 10               | 5              | 0            | 0   | 0                  | 2                              | 17    |
| Yugoslavia.....   | 33                      | 9          | 6  | 1,022   | 1,070  | 10               | 0              | 0            | 0   | 0                  | 2                              | 12    |
| Greece.....   | 30                      | 0          | 0  | 4,212   | 4,242  | 0                | 5              | 0            | 0   | 0                  | 0                              | 5     |
| Spain.....  | 38                      | 0          | 0  | 3,218   | 3,256  | 0                | 0              | 0            | 0   | 0                  | 0                              | 0     |
| <b>Latin America</b>  | 941                     | 90         | 125  | 47,065  | 48,221 | 5                | 13             | 0            | 42  | 0                  | 0                              | 60    |
| Argentina.....  | 6                       | 0          | 0  | 1,424   | 1,430  | 0                | 5              | 0            | 40  | 0                  | 0                              | 45    |
| Brazil.....   | 130                     | 15         | 13   | 4,060   | 4,218  | 0                | 3              | 0            | 2   | 0                  | 0                              | 5     |
| Chile.....  | 57                      | 10         | 10   | 934     | 9,011  | 0                | 5              | 0            | 0   | 0                  | 0                              | 5     |
| Mexico.....   | 11                      | 4          | 30   | 18,494  | 18,539 | 5                | 0              | 0            | 0   | 0                  | 0                              | 5     |
| Other.....  | 737                     | 61         | 72   | 22,153  | 23,023 | 0                | 0              | 0            | 0   | 0                  | 0                              | 0     |
| <b>Summary</b>  | 3,783                   | 2,043      | 324  | 92,853  | 99,003 | 1,760            | 353            | 235          | 332   | 85                 | 30                             | 2,805 |
| Middle East.....  | 613                     | 183        | 77   | 9,668   | 10,541 | 425              | 195            | 195          | 235   | 30                 | 4                              | 1,084 |
| Asia.....   | 1,676                   | 1,624      | 87   | 19,522  | 22,909 | 1,295            | 145            | 40           | 60  | 55                 | 23                             | 1,618 |
| Africa.....   | 452                     | 137        | 29   | 8,146   | 8,764  | 25               | 0              | 0            | 0   | 0                  | 1                              | 26    |
| Western Europe.....   | 101                     | 9          | 6  | 8,452   | 8,568  | 10               | 5              | 0            | 0   | 0                  | 2                              | 17    |
| Latin America.....  | 941                     | 90         | 125  | 47,065  | 48,221 | 5                | 13             | 0            | 42  | 0                  | 0                              | 60    |
| Sub-total - Government  | 3,783                   | 2,043      | 324  | 92,853  | 99,003 | 1,760            | 353            | 235          | 332   | 85                 | 30                             | 2,805 |
| ICA: Direct Hire  | 3,783                   |            |  |         |        |                  |                |              |   |                    |                                |       |
| Contractor  | 2,043                   | 5826       |  |         |        |                  |                |              |   |                    |                                |       |
| Inter. Organisation   | 324                     |            |  |         |        |                  |                |              |   |                    |                                |       |
| Total   | 6150                    |            |  |         |        |                  |                |              |   |                    |                                |       |

Sources: ICA Personnel Strength, Monthly Report for December 31, 1958

OSB Report on Americans Abroad, July 16, 1958

Sino-Soviet Bloc Economic Activities in Underdeveloped Areas, July 1 - Dec. 31, 1958, EIC-RIH-56

<sup>a/</sup> Figures on personnel of other Free World countries are not available.<sup>b/</sup> All Americans employed in underdeveloped countries by International Organizations are assumed to be engaged in activities of direct benefit to the country, an assumption which can be regarded as at least 90% correct.